



Burle Business Park
1020 New Holland Avenue
Lancaster, PA 17601
717-606-1600
www.iu13.org

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
Modernizing the E-rate)	WC Docket No. 13-184
Program for Schools and Libraries)	

**COMMENTS BY Lancaster Lebanon Intermediate Unit 13
RELATED TO THE E-RATE 2.0 NOTICE OF PROPOSED RULEMAKING**

Lancaster-Lebanon Intermediate Unit 13 (IU 13) strives to improve student learning by providing both direct educational services and educational support services for Lancaster and Lebanon counties' 22 school districts, as well as for adult education students, nonpublic schools, and preschoolers and their families.

Rick Potts – Facilities Manager, Coordinate E-Rate application and NSLP discount data collection

Roy Hoover – Wide Area Network Services Coordinator, Coordinate procurement and management of local school districts that participate in the IU 13 Network and Communications consortia

Introduction

The E-rate program has enabled our schools to provide Internet access and advanced telecommunications to schools that may not have been otherwise able to afford it. It has been a boon to connectivity in our schools, and to advancing network-based educational programs that relay on good connections. Yet along the way, the program has become cumbersome and expensive to administer. It is time to refocus on the original goals for the E-rate program: enhancing the broadband connectivity of our school buildings. To that end, we emphasize the vital steps that will enable that goal:

- Streamlining the application and review process, eliminating duplication, extraneous steps and deadlines, and reducing the clerical burden.
- Revising the funding distribution process to eliminate or reduce the inequity of the existing Priority 1/Priority 2 structure. All schools should have access to the services and equipment needed to provide high-speed connections. Schools should have to invest amounts significant enough to discourage wasteful spending.
- Establishing connectivity goals that are realistically tied to actual requirements of schools, large, small, or medium sized, and located in urban or in rural areas.

Revise Eligible Services List

I would support the removal of little – used and/or outdated services such as paging, custom calling features, and directory assistance provided that the administrative burden of excluding these services from carrier invoices is not excessive. There are, however, services such as 800 number services that are central to communicating with students and parents, and these should be maintained on the list of eligible services. One item, “basic maintenance of internal connections, is important to the continued functioning of networks, yet, this service could also be vulnerable to abuse by excessively high charges. I would suggest a cap on allowable charges for this service. (§ 90, §101)

Streamline E-rate

I support the common-sense proposals to require all forms and correspondence to be submitted electronically, as this reduces the clerical burden of filing and recording information. I also support removing the distinction between telecommunication and internet access services in applications. I would urge that the PIA review process be streamlined by permitting multi-year approval of multi-year contracts [multi-year applications] – that would eliminate a great many redundant and repetitive questions. Encouraging consortia applications would also benefit school districts by consolidating the clerical efforts needed to submit applications. Streamlining the application and review process and reducing the paperwork burden required to apply for funding would focus dollars and time on upgrading the connectivity of our schools. This single step may be the most important to increase the effectiveness and efficiency of the E-Rate program. (§227, §233, §258)

Change Funding Distribution Model

The existing discount matrix, focused on individual buildings and with arbitrary thresholds, is both cumbersome and inequitable. It should be changed to a simple variable discount that is directly tied to the NSLP plus a percentage for urban and for rural schools. Wide gaps between steps would be eliminated, along with the complicated per-building student data compilation. (§117, §133)

The discount percentage should also be revised to increase the percentage of schools investment, thereby increasing the incentive to spend funds wisely.

The SLD should study means of changing the present reimbursement application process to a simple “block grant” approach that would consider school enrollment, poverty level of students, and urban/rural status. Such an approach would require considerable planning to implement fairly and efficiently but would provide perhaps the ultimate return on dollars spent for broadband access. (§149)

And finally, funding for services that have been labeled as “priority 2” should be accessible to more districts or perhaps the distinction between “priority 1” and “priority 2” services should be eliminated altogether. (§65)

Reform Competitive Bidding

Procurement of eligible services in an efficient and effective manner could be encouraged by several steps, some of which are not traditionally under the purview of existing E-rate regulations. Restrictive geographically protected territories for carriers reduce the number of bids received for services, in too many cases only single bids are received due to the protected ILEC territories.

Purchasing consortia and state contracts *may* increase the purchasing power for participating schools, however, local conditions, existing infrastructure, and local pricing levels vary widely even within states, and purchasing groups that span too many of these localities may or may not reduce the prices individual prices schools will pay for broadband services.

Rather than publishing individual school district contracts and agreements, a step that may well discourage carriers from negotiating their very best available prices with schools, the SLD should publish regional price levels for materials and services, similar information such as is available to the construction or manufacturing industries. In this way school boards would be assisted in their oversight of the procurement process and be assured that services are being purchased in a cost-effective manner.

Finally, the paperwork burden should be streamlined and non-critical deadlines and intermediate steps eliminated to make it easier to comply with the application timeframe. (§202, §298, §191, §186)

Direct Payments to Applicants

I support the direct payment to applicants, a step that would increase the efficiency of the program by eliminating intermediate steps. (§259)

Permit Multi-Year Applications

I also support applications that would span multiple years, with a reasonable time cap such as (5) years, and that would undergo review only for the first year of the contract. (§241)

Expansion of Document Retention

I would not support increasing the document retention requirements, which, in the case of multi-year contracts, can now extend well past the present 5-year guidelines. (§295)

Competitive bidding

I too am concerned by the few bids received for some services we request. In our more densely populated service areas we tend to receive more proposals for services. Many of the proposals we receive are from predictable providers and fall along traditional Telco and Cable boundaries. This is especially true in the less densely populated areas. I believe that until the physical paths on public rights-of-ways are open and easily accessible to competitive providers the number of providers willing to bring cables to my buildings will remain limited.

Wireless has the potential to cross these boundaries easily, but in many cases it doesn't meet the bandwidth, reliability, and/or physical parameters that we desire. Encouraging incumbent providers to permit competitive providers to access their network may increase competition. This could be in the form of dark fiber leasing or lit service resale opportunities.

Some low cost providers choose not to submit proposals for services that they could provide when they hear E-Rate because the administrative overhead of participating exceeds what their pricing structure will bear. This unfortunately results in higher prices for services when some providers self-select out of the process.

Connectivity goals

Specific connectivity goals can be useful guides for network capacity planning, but the variety of programs within schools means that bandwidth requirements will vary widely. That variation means that some schools will need more bandwidth than the goal and other schools may need less, resulting in overspending for services. Monitoring network usage, whether in-house or outsourced, and capacity planning provide more cost effective services.

Eligible Services List

Significant changes to the eligibility list and/or moving services between priority 1 and priority 2 have significant impact on applicants. Please find a way to honor existing contracts if making program changes such as moving a service that is currently priority 1 to priority 2. If a service is no longer funded but there are one or more years remaining on the contract for that service it will likely be a significant financial and service delivery disruption for applicants.

Dropping paging services makes sense, however dropping certain other items that are normally included within normal telephone bills makes the task of separating those bills line by line to determine eligible vs. ineligible charges extremely time consuming. Our organization reviews over 1,000 pages of telephone bills each month.

The eligible services list must be made available to applicants prior to the start of the 470 filing window. We have needed to file additional applications due to changes in the eligible services list well after July 1. It creates procurement hardship for some kinds of projects if we can't release an RFP until fall because we are waiting for the eligible services list to be released.

Dark vs. lit fiber

More choices in service offerings will ultimately bring the cost of services down and service levels up. Adding "dark" fiber to the eligibility list increases competition and offers alternative solutions to schools.

Redundant services

Schools today operate 24x7. With physical, virtual, and hybrid programs that students participate in, services may be accessed at any time from anywhere. Redundant services are required to ensure that a failure (equipment failure or cable cut) does not disrupt services for extended periods of time. Redundant services can also protect against issues on a single carriers network.

Consortia

I strongly believe that consortia are beneficial for applicants and service providers. Applicants benefit with cost savings, collaborating with peers, and standardizing on services. Service providers benefit by having fewer customer contacts and the customer contact that they do have is with individuals that are more knowledgeable about the services being sought on behalf of the consortium members.

It would be a huge benefit to consortium members if those applications were reviewed first. I recognize that those applications are generally more complex and reviewing is more time consuming but it would be a motivating factor to encourage consortium participation. Other methods to encourage consortium participation such as an additional discount may encourage formation of "sham" consortia which would be counterproductive.

Contract Length

Limiting the term of contract to three years would increase the administrative burden on applicants and make it nearly impossible for some types of networks to be built at all. Many providers amortize construction costs into monthly payments. Reducing the term down to 36 months may mean that provider prices are no longer competitive.

Additionally, a re-bid after an initial network install will almost always be awarded to the incumbent provider if a competitor needs to recoup all the construction costs in only 36 months. This results in less competition. Contract terms of at least 60 months or more should remain available to applicants.

Discount matrix

Adjusting the discount range down from the top end would force high discount entities to have more “skin in the game”. That reduces the opportunities for wasteful spending and to some extent may eliminate the need for caps.

A formula such as $(\text{PovertyRate} * 30) + 40$, where poverty rate is the percentage of students eligible for free or reduced lunches would create a discount scale between 40% and 70%. It could be calculated directly and discount bands could be eliminated.

Priority 2 Funding

Priority 2 funding is not equitable and should be modified. The 2 in 5 rule should be changed to 1 in 5 with clear guidelines on decommissioning of equipment after its useful life. That would extend the pool of applicants that would be able to benefit from equipment purchases.

Partial funding by reducing the discount percentage of applications creates a hardship in project planning and budgeting for purchases. Consistently denying priority 2 applications each year because the discount percentage is too low or funding all priority 2 all applications in a particular year (after the application window closes) without any notice that the funding for that year will not follow past precedent is also unfair.

Increasing the E-Rate fund to be able to fund all priority 2 requests or using a different discount formula for priority 2 requests might be better alternatives.

Transparency

Transparency is a good thing, but if providers know that their bid price is going to be published for all to see they may increase their bid price to protect themselves from other customers seeking that same price. Some carriers may choose not to bid at all. Both those scenarios are detrimental to applicants. Publishing some aggregate data would be a good compromise that actually benefits customers.

Community Hotspots

E-rate should be used to benefit students and support schools. Encouraging schools to allow students to access their resources after normal school hours would benefit all involved. This could be facilities like the gymnasium, library, cafeteria, auditorium, and even classrooms. The community funds these resources and community members should be encouraged to use them as well. This applies to robust wireless networks that are already installed in many schools.

Capacity planning network resources (partially funded by E-Rate) should be performed to meet the needs of the students, but should be accessible to all members of the community without the need to cost allocate out a portion of the service. The school buildings could effectively become the community hotspots.

Extending this out to other locations within the community may quickly lead to abuse of the program and may create complaints from other providers about unfair competition. Perhaps specific satellite school locations could be

created that would qualify for E-Rate discounted service but a proliferation of locations that are not school or library facilities becomes unmanageable.

Web content filtering should be required on all school networks and that filtering service should be eligible for E-Rate discounts.